

Figure 1: Airline Stock Price Valuation Matrix

Company	Ticker	Price 6/25/2014	Shares Out. (mm)	Equity Market Value (mm)	YTD Change	52 Week		Div. Yield 2014E	Price/Earnings			Price/Cash Flow			Price/ Book	EV/EBITDAR			Price/ Sales 2014E	EV/ Sales 2014E	5-Year EPS Growth	P/E to Growth *P/B*	Debt/ Cap 3/31/13
						High	Low		2013	2014E	2015E	2013	2014E	2015E		2013	2014E	2015E					
<b>LEGACY AIRLINES</b>																							
<i>Major Networks</i>																							
Alaska	ALK-US	\$95.30	68.8	\$6,556	30%	\$100.98	\$50.39	1.0%	17.7x	15.6x	13.6x	10.4x	9.3x	8.4x	3.1x	6.6x	6.2x	5.7x	1.27x	1.60x	---	---	59.1%
American	AAL-US	43.91	736.1	32,320	74%	44.88	23.45	---	11.8x	8.8x	8.0x	7.8x	6.6x	6.1x	NM	10.8x	6.6x	6.2x	0.75x	1.26x	---	---	96.2%
Delta	DAL-US	39.35	848.0	33,369	43%	42.66	18.09	0.8%	12.5x	12.9x	11.1x	7.7x	5.7x	5.1x	2.9x	7.7x	6.2x	5.7x	0.83x	1.20x	---	---	62.0%
Hawaiian	HA-US	14.03	53.2	746	48%	16.49	5.82	---	16.0x	10.4x	9.4x	5.7x	4.5x	4.3x	1.8x	7.0x	5.8x	5.6x	0.32x	1.10x	5%	1.87x	84.0%
United Continental	UAL-US	41.81	373.5	15,616	11%	49.20	27.32	---	14.7x	11.6x	8.4x	5.9x	5.4x	4.5x	NM	6.7x	6.4x	5.8x	0.40x	1.00x	---	---	91.8%
<b>Average*</b>					41%				14.5x	11.9x	10.1x	7.5x	6.3x	5.7x	2.6x	7.0x	6.2x	5.8x	0.71x	1.23x			78.6%
<b>GROWTH AIRLINES</b>																							
<i>Low Cost Carriers</i>																							
Alegiant	ALGT-US	\$118.33	17.9	\$2,119	12%	\$124.61	\$81.19	---	24.5x	19.2x	16.9x	14.0x	11.5x	10.2x	6.2x	8.7x	7.4x	6.7x	1.87x	2.02x	10%	1.69x	51.1%
JetBlue	JBLU-US	10.66	296.8	3,164	25%	10.68	6.00	---	20.5x	15.2x	11.9x	7.9x	6.5x	5.6x	1.5x	7.5x	6.6x	5.9x	0.53x	1.31x	8%	1.48x	70.9%
Southwest	LUV-US	26.97	691.8	18,659	43%	27.70	12.58	0.8%	24.1x	20.0x	16.3x	11.5x	10.2x	9.1x	2.6x	7.7x	7.0x	6.4x	1.03x	1.39x	6%	2.72x	57.6%
Spirit	SAVE-US	62.83	72.7	4,570	36%	64.94	29.20	---	25.9x	22.4x	18.0x	22.0x	18.0x	14.3x	5.6x	10.4x	9.2x	7.9x	2.33x	2.96x	10%	1.80x	65.4%
<b>Average</b>					36%				23.7x	19.2x	15.8x	13.9x	11.5x	9.8x	4.0x	8.6x	7.5x	6.7x	1.44x	1.92x	9%	1.92x	61.2%
<i>Regional Airlines</i>																							
Republic	RJET-US	\$10.80	49.8	\$538	1%	\$13.92	\$7.82	---	11.7x	8.3x	8.3x	2.7x	2.5x	2.3x	0.9x	6.6x	6.4x	6.2x	0.38x	2.44x	5%	1.66x	87.3%
SkyWest	SKYW-US	11.91	51.1	609	-20%	17.29	11.11	1.3%	10.6x	21.7x	10.8x	1.8x	2.1x	1.7x	0.4x	5.2x	5.5x	5.1x	0.18x	1.19x	5%	2.17x	73.3%
<b>Average</b>					-9%				11.2x	15.0x	8.6x	2.2x	2.3x	2.0x	0.7x	5.9x	6.0x	5.7x	0.28x	1.81x	5%	1.91x	80.3%
<i>Emerging Market</i>																							
Aeromexico	AEROMEX-MX	P/\$21.90	713.6	P/\$15,627	22%	P/\$24.70	P/\$15.78	---	14.5x	12.9x	8.9x	6.1x	4.9x	4.0x	2.0x	6.3x	5.7x	5.2x	0.35x	1.12x	10%	0.89x	61.1%
Avianca	AVIH-US	\$16.32	137.7	\$2,247	6%	\$16.59	\$13.78	0.9%	8.0x	16.3x	7.3x	4.6x	5.4x	3.3x	1.9x	7.1x	7.5x	5.6x	0.46x	1.25x	10%	0.73x	78.3%
Copa	CPA-US	143.36	44.4	6,361	-10%	162.83	121.11	2.7%	13.8x	12.3x	10.6x	11.1x	10.0x	8.6x	3.2x	9.2x	8.2x	7.2x	2.19x	2.43x	10%	1.08x	46.3%
GOL	GOL-US	5.59	276.7	1,547	22%	6.94	2.74	0.2%	NM	NM	15.9x	NM	5.6x	4.1x	6.5x	10.0x	6.3x	5.8x	0.38x	1.38x	10%	1.59x	95.1%
LATAM	LFL-US	13.60	541.0	7,358	-17%	17.39	11.62	0.9%	NM	20.9x	13.6x	8.8x	4.9x	3.9x	1.3x	10.3x	7.1x	6.2x	0.54x	1.35x	10%	1.36x	69.8%
Volaris	VLRUS-US	8.54	101.2	864	-37%	15.94	6.82	---	23.7x	NM	13.1x	13.1x	34.2x	9.0x	3.0x	8.4x	9.5x	6.8x	0.82x	1.90x	10%	1.31x	81.4%
<b>Average</b>					-2%				14.9x	15.6x	11.6x	8.7x	10.8x	5.5x	3.0x	8.5x	7.4x	6.1x	0.79x	1.57x	10%	1.16x	75.3%

\*Note: Average 2013 EV/EBITDAR calculation excludes AAL as the numerator reflects the enterprise value of the combined entity while the denominator reflects "GAAP" EBITDAR.

Source: Thomson One, Company Filings, and Deutsche Bank Airline Research.

